ARTICLES OF ASSOCIATION

Members.

1. No person who does not hold arable land within the local limits mentioned in para 3 of the Memorandum of Association or who does not live within such limits shall be admitted as a member of the Bank.

2. The Bank shall consist of the members who have signed these Articles, and of such other members as may hereafter be admitted in manner following; and the whole of the members for the time being shall together constitute the General Assembly.

Provided, however, that no person who, owing to minority or other cause, is suffering from a legal disability, shall be admitted as a member except upon the written application of his duly appointed guardian or guardians.

3. Any person desirous of being admitted a member shall make a written application to the Board of Directors hereinafter mentioned, who shall place the same before the next meeting of the General Assembly. His admission will depend upon the unanimous consent of all the members present at such general meeting. Any member absent from such meeting shall be considered to have waived his right to vote against such admission.

4. An entrance fee of half a rupee shall be paid by each of the members who have signed these Articles as well as by each new member who may hereafter be admitted.

Management.

5. The General Assembly shall, subject to the provisions hereinafter mentioned, be the final authority on all matters connected with the business of the Bank. The General Assembly shall appoint one of the members as President and another Agent, and the President and the Agent thus appointed shall hold office until relieved therefrom by others appointed by the General Assembly to succeed them. The Agent shall be the Chief Accountant of the Bank and shall be responsible for the proper and correct keeping of the Bank's accounts.

6. The cash balance in hand, the registers, accounts, title deeds, documents, and all other property belonging to the Bank shall be kept in the Bank premises in the custody of the President and the Agent, who shall be responsible for their safety.

7. The registers and accounts to be kept in the Bank in addition to those named below, which are indispensable, and all the details in connection with the management of the Bank, shall be settled by the General Assembly in a manner not inconsistent with these Articles, and recorded in the Minute Book maintained in the Bank—

1. Register of Members.
2. Register of Applications for Loans, with the purpose thereof.
3. Cash Book.
4. Ledger.
5. Minute Book.
6. Half-yearly Cash Balance Statement.

General Meetings.

8. The first meeting of the General Assembly shall be held at such time, not more than three months after the incorporation of the Association, and at such place as the members may determine.

9. Subsequent general meetings shall be held, at the least, once in every six months, and at such place as the General Assembly may prescribe.

10. The above mentioned general meetings shall be called Ordinary meetings; all other general meetings shall be called Extraordinary.

11. The Directors hereinafter mentioned may, whenever they think fit, and they shall, upon a requisition made in writing by any three or more members, convene an extraordinary general meeting.

12. Any requisition made by the members as above shall express the object of the meeting proposed to be called, and shall be left at the registered office of the Bank.

13. Upon the receipt of such requisition, the Directors shall forthwith proceed to convene an extraordinary general meeting. If they do not proceed to convene the same within twenty-one days from the date of the requisition, the requisitionists or any other three members may themselves convene an extraordinary general meeting.

Proceedings at General Meetings.

14. Seven days' notice at the least, specifying the place, the day and the hour of meeting, and, in case of special business, the general nature of such business, shall be given to the members in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed at a general meeting; but the non-receipt of such notice by any member shall not invalidate the proceedings of any general meeting.

15. All business shall be deemed special that is transacted at an extraordinary meeting and all that is transacted at an ordinary meeting, with the exception of the consideration of the accounts, balance sheets and the ordinary report of the Directors.

16. No business shall be transacted at any meeting unless a quorum of members is present at the commencement of such business. Such quorum shall be ascertained as follows, that is to say, if the members of the Bank at the time of the meeting do not exceed ten in number, the quorum shall be five; if they exceed ten, there shall be added to the above quorum one for every five additional members, with this limitation that no quorum shall in any case exceed fifteen.

17. If, within one hour from the time appointed for the meeting, a quorum of members is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place; and if at such adjourned meeting a quorum is not present, it shall be adjourned *sine die*.

18. The President shall preside as Chairman at every general meeting.

19. If, at any general meeting, the President is not present within 15 minutes after the time appointed for holding the same, the members shall choose some one of their number to be Chairman of such meeting.

20. The Chairman may, with the consent of the meeting, adjourn any meeting from time to time and from place to place; but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Votes of Members.

21. Every member shall have one vote and no more; and the resolution of the meeting shall be determined by the majority of votes unless otherwise expressly provided.

22. If any member, owing to minority or other cause, is suffering from a legal disability, he may vote by his duly appointed guardian or any one of such guardians if more than one.

23. No member shall be entitled to vote at any meeting if he is a defaulter at the time of such meeting.

24. Votes may be given either personally or by a proxy appointed in writing duly signed by the appointer.

25. No person shall be appointed a proxy who is not a member, and the instrument appointing him shall be deposited at the registered office of the Bank not less than forty-eight hours before the time of holding the meeting at which he proposes to vote.

26. Any instrument appointing a proxy shall be in the following form:—

.....AGRICULTURAL BANK.

I.....of.....

.....being a member of the.....Agricultural Bank,

hereby appoint.....of.....

as my proxy to vote for me and on my behalf at the general meeting of the Bank to be held on the..... day of.....and at any adjournment thereof (or at any meeting of the Bank that may be held in the year.....).

Date.....

Signature.....

Witness.....

Board of Directors.

27. In subordination to the General Assembly, the affairs of the Bank shal be managed by a Board of Directors consisting of the President and the Agent and of not less than five and not more than seven members chosen every half year by the General Assembly.

28. The President and the Agent shall have joint power to sign, and to transact business, on behalf of and under the instructions of the Board of Directors The Agent shall prepare the balance sheet of the Bank for every half year ending 30th June and 31st December, and lay it before the President on or before the 15th of July and 15th of January, respectively, following.

29. If the office of President or Agent becomes vacant, the remaining members of the Board of Directors shall forthwith appoint any member of the Bank (whether on the Board or not) as Provisional President or Agent as the case may be, and convene a meeting of the General Assembly on the earliest date possible for appointing a permanent successor to the vacant office.

30. A retiring Director shall be re-eligible.

31. Subject to the maximum and minimum laid down in para 27 above, the General Assembly may, from time to time in general meeting, increase or reduce the number of members constituting the Board of Directors.

32. Any casual vacancy occurring among the members of the Board of Directors may be filled up by the remaining members of that Board; but any person so chosen shall retain his office so long only as the vacating Director would havel retained the same if no vacancy had occurred.

33. A general meeting may remove any Director before the expiration of his period of office, and may appoint another person in his stead. The person so

appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

Proceedings of Directors.

34. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit, and determine the quorum necessary for the transaction of business. Questions arising at any time shall, unless otherwise expressly provided for in these Articles, be decided by a majority of votes. In case of an equality of votes, the President shall have a second or casting vote. A Director may at any time summon a meeting of the Board of Directors.

35. The President shall be the Chairman of the meetings of the Board of Directors; but if at any meeting the President is not present at the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

36. The Board of Directors may delegate any of their powers to a committee consisting of the President, the Agent and such member or members of their body as they think fit. Such committee shall be called the Executive Committee, and shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board of Directors.

Bank's Funds.

37. The Bank shall have no share-capital, but shall carry on its business with funds raised by means of loans, as well as from deposits received from the members themselves or from others. The aggregate amount of such funds shall not for the present exceed Rs..... ..... The General Assembly shall, however, be competent to resolve upon an increase of the funds of the Bank if such a course should at any time hereafter be found necessary owing to the expansion of business.

38. The rates of interest to be paid on loans and deposits shall, from time to time, be prescribed by the General Assembly.

39. The liability of the members of the Bank shall be equal as between themselves and joint and several as regards all others.

40. The cash balance in the hands of the Board of Directors shall not ordinarily exceed Rs..... All sums above this limit shall be lodged in a Government Treasury or deposited in a Government Savings Bank, and be drawn upon, from time to time, as occasion may arise.

Loans.

41. Loans will be granted only to the members of the Bank and will be of the following classes:—

Class I. On the security of immovable property.
Class II. On joint pro-notes.
Class III. On joint instalment bonds.
Class IV. On *mubadala* or hand loans.

42. A loan of Class IV shall not exceed Rs....., while a loan of any other class may be granted to the extent of Rs.....Provided, however, that no member shall at any time be indebted to the Bank in a larger sum than Rs....., including loans of all kinds granted both to himself and to other members on his security.

43. No person who is not a member of the Bank shall be accepted as security for any loan.

44. No loan shall be made except for an approved purpose connected with some agricultural operation which by its profits would enable the borrower to repay the loan, or for the redemption of land from an existing mortgage or for the liquidation of debts of any kind whatsoever existing at the time of the formation of the Bank or at the time of the admission of the borrower as a member of the Bank. The agricultural operation referred to above shall include the extension or improvement of the borrower's holding, and the purchase of manure, seed, cattle and implements, and other similar purposes.

45. An application for a loan may be made to the Board of Directors, or, where there has been a delegation, to the Executive Committee, either verbally or in writing. The Board of Directors, or the Executive Committee, as the case may be, shall enquire into the object of the loan and into the sufficiency or otherwise of the security offered, and make a record of the result of such enquiry in the Register of Applications for Loans. The applicant and his surety or sureties shall be bound to make true statements on matters thus enquired into. After making all such enquiry as may be necessary, the Board of Directors or the Executive Committee, as the case may be, shall either grant or refuse the loans applied for. Appeals from their refusal shall lie to the General Assembly. If a clear majority of not less than two-thirds of the total number of members of the Bank, other than the applicant and his proposed surety or sureties, if any, should not be in favor of the grant, the refusal made as above shall be affirmed.

46. A loan of Class I—on the security of immovable property—shall ordinarily be repayable in less than five years, and in special cases, in any period not exceeding ten years, by equal annual instalments well within the borrower's annual margin of profits.

47. Loans of Classes II and III—on joint pro-notes and joint instalment bonds—shall ordinarily be repaid in less than a year. They may, however, be allowed to be renewed from time to time on good cause shown.

48. Loans of Class IV—hand loans—shall not be granted for any period exceeding three months. Renewals may be permitted.

49. No security in addition to the hypothecation of immovable property is ordinarily required in respect of loans belonging to Class I, though in special cases the additional security of one or more members may be required. Nor need any security be demanded for loans falling under Class IV. As regards loans coming under Classes II and III, there should be at least two sureties.

50. The highest rates of interest chargeable on the different kinds of loans are as follow :—

Class I, six per cent per annum if the loan does not exceed Rs. 100, and five and a half per cent when it exceeds Rs. 100. Where the loan is repayable by annual instalments, interest is chargeable only on so much of the loan as is actually outstanding in the beginning of each year.

Class II, seven per cent when the loan is Rs. 100 and under, and six per cent when it exceeds Rs. 100.

Class III, eight per cent when the loan is Rs. 100 and under, and seven per cent when it exceeds Rs. 100. The interest is chargeable only on so much of the loan as is actually outstanding on the 1st of every month.

Class IV, one pie per diem for every Rs. 20.

51. The General Assembly shall be at liberty to fix, from time to time, the actual rates at which interest should be charged, such rates not exceeding the maxima above prescribed.

52. The General Assembly shall likewise be competent to fix and prescribe, from time to time, the time at which and the mode in which the interest chargeable on the several descriptions of loan made by the Bank shall be recovered.

53. When a loan is repaid or recalled before the time fixed for its repayment, a proportionate reduction or refund shall be allowed of the interest payable or paid on account of such loan.

54. Absolute punctuality of repayment shall be enforced under pain of such fine as may be imposed by the general or special direction of the General Assembly for ordinary and excusable defaults, and of expulsion, as hereinafter provided, for persistent defaults.

55. No loan shall be appropriated for any other purpose than that for which it is obtained. Its appropriation for any other than an approved purpose shall render it liable to be recalled by a notice not exceeding three weeks.

Disposal of Profits.

56. The interest due on Loans and Deposits, the charges of establishment and the cost of contingencies, shall be met from the interest levied on the different kinds of loans made by the Bank and from the entrance fee levied from the members on admission, as also from the fines referred to in para 54 above. The surplus shall form a Reserve Fund which shall not be divisible among the members, but shall, after meeting unforeseen losses, if any, go towards the reduction of the loans and deposits required for carrying on the business of the Bank.

57. The members shall receive no remuneration for their services in connection with the Bank.

Removal, Resignation, Death, etc.

58. Any member persistently guilty of default or of violation of the Rules, or of gross neglect of duty, shall render himself liable to removal from membership by the votes of a majority of the General Assembly.

59. Any member who may permanently leave the local limits referred to in para 1 or who may cease to hold arable land therein, shall cease to be a member of the Bank from the date of such departure or cessation.

60. Any member shall be at liberty to sever his connection with the Bank by tendering a written resignation to the Board of Directors or the Executive Committee.

61. The death of any member shall result in the removal of his name from the Roll of Members, unless his legal heir or representative shall, in writing, consent to take his place with all his liabilities and obligations.

Provided, however, that if such legal heir or representative is, owing to minority or other cause, suffering from a legal disability, he shall not be allowed to take the place of a deceased member except upon written application made by his duly appointed guardian or guardians.

62. The removal or resignation of a member under para 58, 59, 60 or 61, shall secure for him and his assets, or for his assets, as the case may be, freedom from all liability for loans and deposits obtained, or in respect of loans made, and

acts done or omitted to be done, subsequent to the date of his removal or resignation, but shall in no way affect liabilities contracted by the Bank previously thereto.

Accounts.

63. The accounts of the Bank shall be audited by a committee of three members, to be called the Audit Committee.

64. The first Audit Committee shall be nominated by the Board of Directors out of the body of members of the Bank.

65. Subsequent Audit Committees shall be nominated by the General Assembly.

66. The Audit Committee shall be supplied with a copy of the balance sheet, and it shall be their duty to examine the same with the accounts aud vouchers relating thereto.

67. The Audit Committee shall have a list delivered to them of all books kept by the Bank, and they shall at all reasonable times have access to the books and accounts of the Bank; and they may, in relation to such accounts, examine the President or Agent or any other member of the Board of Directors.

68. The Audit Committee shall make a report to the General Assembly upon the balance sheet and accounts; and in every such report they shall state whether, in their opinion, the balance sheet is a full and fair balance sheet containing the particulars required, and properly drawn up, so as to exhibit a true and correct view of the state of the Bank's affairs, and in case they have called for explanations or information from the Board of Directors, whether such explanations or information have or has been given by the Board, and whether they or it have or has been satisfactory; and such report shall be read together with the report of the Board of Directors at the next ordinary general meeting.

69. The powers conferred, and the duties imposed, upon the Audit Committee shall, as far as may be, be exercised and performed by such officer or officers as the Government may, from time to time, appoint for the purpose of auditing the accounts of the Bank or enquiring into its affairs.

Notices.

70. A notice may be served by the Bank upon any member, either personally, or by sending it through the post in a letter addressed to such member at his registered place of abode.

71. Any notice, if served by post, shall be deemed to have been served at the time when the letter containing the same would be delivered in the ordinary course of the post; and, in proving such service, it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the Post Office.

General.

72. No member shall so deal with his property as materially to diminish his resources and affect his solvency, on the strength of which he has been admitted to the benefits of this Bank.

73. It shall be lawful for the Board of Directors or the Executive Committee, as the case may be, subject to the approval of the General Assembly, to recall by three weeks' notice any loan made to, or on the security of, any member who by his conduct or dealings has endangered the security of any loan granted by the Bank or who has ceased to be a member of the Bank under para 58, 59, or 60, or whose legal heir or representative after his death, does not take his place notwithstanding the non-existence of any legal disability.

Provided, however, that no loan shall be liable to be recalled by reason merely of such legal heir or representative not taking the place of the deceased member in consequence of his minority or other legal disability.

74. Any loan made to the Bank by Government shall be deemed to be an advance made for agricultural objects to the members of the Bank as holders of arable land, within the meaning of Section 194 of the Mysore Land Revenue Code, and the same shall be recoverable from the members jointly and severally as an arrear of land revenue under the provisions of the Mysore Land Revenue Code or of any other law for the time being in force.

75. If, owing to resignations, deaths, removals or other causes, the total number of members of the Bank should at any time fall below two-thirds of the number which constituted the Bank on the date of its formation or on the date of the augmentation of its funds, or if, according to a majority of votes at a general meeting, there exists a disagreement among the members so serious as to render the further continuance of the Bank undesirable, or if Government directs the recovery of loans made by it to the Bank on the ground that the affairs of the Bank are in an unsatisfactory condition, all further transactions shall be stopped, and all outstanding loans of whatever description shall be recalled by a notice not exceeding three months, at the end of which period the Bank shall be wound up under such arrangements, not inconsistent with law, as shall be decided upon at a general meeting to be convened for the purpose. The members shall, however, continue responsible for the due discharge of all existing debts and liabilities.

76. When the Bank is wound up, all surplus remaining at its credit shall be used for such purpose of local general utility as shall be resolved upon by the majority of the members at a general meeting subject to the approval of Government.

No.	Signature of member.	Address, giving father's name, residence and description of member.	Witness to signature of member.	Date.

No. 5038-47—Fl. 274, dated, Bangalore, 2nd December 1895.

Order.—One hundred copies of the Form of Memorandum and Articles of Association prescribed for use by Agricultural Banks in the Proceedings of Government No. 4453-62—Fl. 236, dated 1st November 1895, will at once be supplied to each Deputy Commissioner for distribution among the several Taluks in his District.

2. The Superintendent of the Government Press should arrange to have a supply of 1,000 copies of the Form in stock so as to enable him to meet future demands without delay.

3. The Deputy Commissioners are requested to give wide publicity to the scheme and to place promptly and free of cost at the disposal of applicants as many copies of the form as may reasonably be required by them.

4. All applications to Government for the grant of loans to Agricultural Banks should be made to the Deputy Commissioner, and should be accompanied by Memoranda and Articles of Association in the form above referred to. The Deputy Commissioner should satisfy himself as to the solvency of the applicants and the *bona fides* of their applications, and submit his recommendation to Government with the least practicable delay, with information regarding the applicants in the appended form and with an extract from the taluk map of the villages of the applicants.

5. Until further orders, Government will be prepared to grant loans to Agricultural Banks, within reasonable limits, at four per cent per annum.

6. It is the wish of Government that, as a rule, no loan of Class IV should for the present exceed Rs. 50, while no loan of any of the other three classes should exceed Rs. 1,000: nor should any member be at any time indebted to the Bank in a larger sum than Rs. 2,000 including loans of all descriptions, granted both to himself and to other members on his security. Any case requiring an exceptional treatment in this respect should be specially reported for the orders of Government.

C. SREENIVASIENGAR,
Revenue Secretary.

To—The Deputy Commissioners of Districts.
The Comptroller to the Mysore Government.
The General Secretary to the Government of Mysore.
The Superintendent, Government Press.

Proposed name of the Bank and the names of villages to be benefited by it.	Names of members.	Residence of members.	Arable land possessed.				Probable value of land.	If encumbered, how and for how much.	Remarks.
			Kandayam land.		Inam land.				
			Area.	Assessment.	Area.	Jodi or quit rent.			